

Message Text

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TO SCSTATE WASHDC 7438

UNCLAS SECTION 01 OF 03 LONDON 00896

E.O. 1162: N/A

TAGS: BBSR, BEXP, UK, XG, XB, IR, AS, MX, BR

SUBJECT: GLOBAL MARKET RESEARCH: BID ANALYSIS - BUSINESS
EQUIPMENT AND SYSTEMS

REF: STATE A-8667,11/19/74

1. FOURTEEN FIRMS INVITED BID ON SUBJECT STUDY, SVERAL
AT THEIR OWN REQUEST, AND ALL OF WHICH HAD INDICATED
EXPERIENCE IN SOME PHASE OF THIS PRODUCHTHEME. FIVE
DID NOT BID (INCLUDING P.A. MANAGEMENT CONSULTANTS WHICH
ONLY WISHED TO BID FOR TOTAL 19 STUDIES, AND ANOTHER
FIRM THAT MISPLACED INVITATIONAL OCUMENTS). ONLY TWO
FIRMS ATTENDED BID OPENING. ALL BIDS QUOTED ARE IN
POUNDS YERLING. BIDS FOR UK STUDY RAN FROM 1,800 TO
16,500, WITH NUMBER AND SIZES OF END-USER SECTORS STAM-
PEDING SOME BIDDERS INTO PROPOSING 200 AND EVENEPP
PERSONAL INTERVIEWS. AS USUAL, SOME FIRMS SEPARATED
SLIDING TRAVEL, SUBSISTENCE, EV., FEES FROM FLAT
CHARGE FOR STUDY, DESPITE OUR REQUESTS FOR LATTER.
LIKWISE OUR SCHEME FOR PAYMENTS AGAINST PERFORMANCE
(AS OPPOSED TO MONTHLY PQMENTS) WAS GENERALLY IGNORED.
SET OF PROPOSAL DOCUMENTS AIRMAILED JANUARY 1

2. FOLLOWING IS SUMMARY OF NINE BIDS RECEIVED:
A. INBUCON (FOUNDD 1926, LARGEST MEMBER OF RELIANCE,
INC., CONSULTANCY DIVISION) BID FES/TRAVEL-SUBSISTENCE
EXPENSES (IN POUNDS) AND NUMBER OF PERSONW
INTERVIEWS (IN PARENTHESES) AS FOLLOWS: BELGIUM, 4,880/
860 (72);FRANCE, 6,900/1,600 (102); W. GERMANY, 6,900/
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1,700 (110); IRAN, ,540/800 (60); ITALY, 6,040/1,000

(80); NETHERLANDS, 5,180/860 (64); SPAIN, 5,440/1,100 (66); SWITZERLAND, 5,380/1,000 (80); UK, 6,600/600 (100).

TRAVEL/SUBSISTENCE EXPENSES ARE ESTIMATES OF MAXIMUM COST AND MIGHT PROVE TO BE LOWER; FEES AND EXPENSES INCURRED OUTSIDE UK SUBJECT TO CURRENCY FLUCTUATIONS VIS-A-VIS STERLING, AND O CHANGES IN AIR FARES. PROJECT TO BE MANAGED BY DIRECTOR, INT'L. OPERATIONS. FIRM HAS EXECUTED STUDIES FOR RONEO VICKERS, RANK XEROX, GESTETNER, IMQRIAL TYPEWRITER, HONEYWELL, IBM, ETC., AND RECENTLY SURVEYED PROSPECTS THROH 1980 IN UK AND EUROPEAN MARKETS FOR DUPLICATING MACHINERY AND WORD-PROCESSING SYSTEX MADE BY "TWO BEST KNOWN FIRMS IN THIS FIELD". OFFICES MAINTAINED THROUGHOUT EC; ASSOCIATE FIRM, ENMAC, IN IRAN.

B. INDUSTRIAL RESEARCH BUREU: SWEDEN, 5000/1,000 (45); UK, 4,450/250 (50). AGAIN, EXPENSE VARGES ARE MAXIMUM ESTIMATES. FIRM (WHICH APPEARS TO BE VERY SMALL) DID 1973 ELEVRONIC CALCULATOR STUDY FOR LEADING UK MANUFACTURER; EXPERIENCE IN SWEDEN MUNLY CONCERNED WITH FABRICATION. IRB WOULD SUBCONTRACT PART OF SWEDISH STKY TO C.K. SQUIRES LTD., STOCKHOLM.

C. KNIGHT WEGENSTEIN: SWEDEN, 1,440; . GERMANY, 1,800; UK, 1,800; NETHERLANDS, 1,200; SWITZERLAND, 1,200; SPUN, 1,440; BELGIUM/LUXEMBOURG, 1,200. EACH COUNTRY BUDGET INCLUDES 20 QRCENT EXPENSE FACTOR. AT LEAST ONE OFFICE MAINTAINED IN ALL COUNTRIES SAVE BELGIUXLUXEMBOURG. PERSONAL INTERVIEWS TO RUN 20-30 IN EACH COUNTRY, INCLUDING SIX IN QEDEN, AND FOUR EACH IN UK AND GERMANY. EARLIER INDICATION OF EXPERIENCE IN THIS FIELD NOT RSUPPORTED BY LIST OF PREVIOUS SURVEYS SUPPLIED BY FIRM; HOWEVER, COMPANY APPEARS LARGE AND CAQBLE, AND HAS WORKED FOR DOC IN PAST. NOTHING IN POST FILES TO INDICATE PERFORMANCE UNUTISFACTORY.

D. MARKETING AND ECONOMIC RESEARCH: UK ONLY; 16,500 VUNDS. FIRM PROPOSES 300 PERSONAL INTERVIEWS, INCLUDING 200 WITH EN-USERS, INCLUDING 100 SMALL TO MEDIUM-SIZED. PREVIOUS STUDIES INCLUDE DICTATVN MACHINES, PHOTOCOPIERS, MICROFILM EQUIPMENT, ELECTROCC CALCULATORS TYPEWRITERS AND ACCOUNTING MACHINES. BIDFIGURE IS STAGGERING, AND THE MORE SURPRISING IN VIEW OFSMBASSY UNCLASSIFIED

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PRACTICE OF RAISING BUDGETARY REALITIES IN DISCUSSIMS WITH BIDDING FIRMS.

E. METRA CONSULTING GROUP: UN 4,700; IRAN, 6,300; NETHERLANDS, 5,200; SWEDEN 5,300. BIDS BASED ON SUBMISSION OF SIX REPEAT SIXCOPIES OF REPORT, FOR SOME REASON, AND PROBABLY WOULDHAVE TO INCREASE BIDS TO COVER ADDITIONAL PRINTING COSTS. ALSO IGNORED OUR

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PART-PAYMENT SYSTEM. UK PERSONALINTERVIEWS, 30; OTHERS, 20 EACH COUNTRY. EXPERIECE SEEMS HEAVILY ON TELEPHONE AND COMPUTER, ALTHOUGH REPRODUCTION,MICROFILM AND ELECTRIC TYPEWRITER STUDIES MENTIOFD (ALL UK). INTERESTING NOTE STUDIES DONE IN IRAN,BUT NOT IN SUBJECT RESEARCH THEME.

F. P-E CONSULTINGGROUP: UK ONLY, 8,250; 200-250 INTERVIEWS. EXPERIENCE INCLUDES ELECTRONIC CALCULATING AND ACCOUNTING MACHINE, MINI-COMPUTERS, COPYING AND DUPLICATING EQUIPMENT,ELECTRONIC RETAIL CHECK-OUT EQUIPMENT, PAPER HANDLINGAND PROCESSING MACHINERY, PLUS EXTENSIVE BACKGROUND IN DATA-PROCESSING. FIRM (WHICH DOC HAS USED IN PAST) HAS PROVENCOMPETENCE AND APPEARS HAVE ADEQUATE STAFF TO UNDERTAKE STUDYOF THIS SIZE.

G. PLANNING RESEARCH SYSTEMS: BELGIUMLUXEMBOURG, 1,800; CZECHOSLOVAKIA, 1,800; FRANCE,W. GERMANY, AND IRAN, 1,950 EACH; JAPAN, 2,70; NETHERLANDS, 1,700; SWEDEN AND SWITZERLAND, 1,900EACH; UK, 1,800. IRAN AND JAPAN QUOTES INCLUDE TRAVEL AF SUBSISTENCE COSTS OF 250 AND 1,000 RESPECTIVELY. FOLLOWINGDISCOUNTS APPLICABLE IF MORE THAN ONE COUNTRY STUDYCOMMISSIONED: 3-4, 5 PERCENT OF TOTAL FEE; 5-6, 5 PERCENT; 7-PLUS, 10 PERCENT.

TWENTY PERSONALINTERVIEWS SLATED FOR BELGIUM/LUXEMBOURG, CZECHOSLOVAKIA NETHERLANDS, SWEDEN AND SWITZERLAND; ALL OTHERS TO HAVE 8. FIRM HAS PERTINENT EXPERIENCE, INCLUDINGMICROFILM/MICROFICHE (UK 72-77), CENTRAL DIC-TATION SYSTEM (UK 71), PHOTOCOPYING EQUIPMENT (EUROPE 73), LICENSINGOPPORTUNITIES FOR JAPANESE BUSINESS MACHINES (EUROP 73), ENVELOPE/LETTER INSERTERS (UK 74),

POCKET CALCULATORS(UK 74), OFFICE EQUIPMENT SURVEY IN
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GOVERNMENT, INDUSTRY AND COMMERCE (IRAN 74). IRANIAN
ASSOCIATE IS DEN, IRAN, BRANCH OF MAIS LTD. BIDDER
HAS PERFORMED WELL IN RECENT DOC RESEARCH, AND UNDER-
STANDS AND ACCEPTS OK WAY OF DOING THINGS.

H. TOWERS, PERRIN, FORSTER AND CROSBY: BELGIUM/LUXEM-
BOURG, 5,500; FRANCE, 6,000; W. GERMANY, 8,000; ITALY,
5,500; NETHERLANDS 5,500; SWEDEN, 5,000; UK, 5,000.

IF AWARDED TWO OR MORE STUDIES, COST OF EACH SURVEY
REDUCED BY 500. PERSONAL INTERVIEWS FOR EACH COUNTRY,
30; EXCEPT FOR SWEDEN FOR WHICH ABOUT 20. PRELIMINARY
RESEARCH SHOWS HMG STATISTICS GENERALLY LACKING, AND
WHERE EXISTENT, "SO FRAGMENTED AS TO BE VIRTUALLY USE-
LESS". CONCLUSION (IN WHICH WE CONCUR) IS THAT SUCCESS-
FUL SURVEY WOULD HAVE TO DRAW HEAVILY ON INFORMED
INDUSTRY OPINION, AND PROPOSAL POINTS TO PREVIOUS CON-
TACTS IN THIS AREA. TPFC (INCORPORATED IN US) IS COM-
PETENT, WELL-STAFFED FIRM WITH PROVEN PERFORMANCE FOR
DOC.

I. PETER WARD ASSOCIATES (INTERPLAN): UK, 3,100; BELGIUM/
LUXEMBOURG, *200; FRANCE, 4,100; W. GERMANY, 4,600;
ITALY, 3,300; NETHERLANDS, 3,100; SPAIN, 3,300; SWEDEN, 3,400; SWITZER-
LAND, 3,300; CZECHOSLOVAKIA, 3,500; BRAZIL, 4,300; MEXICO, 3,500; IRAN,
3,700; AUSTRALIA,
4,200; HONG KONG, 4,300; JAPAN, 5,400; SINGAPORE/MALAYSIA
EITHER MARKET AT 4,100 OR BOTH AT 5,100; TAIWAN, 4,900.
ANY COMBINATION OF COUNTRIES LISTED (PROVIDED UK INCLUDED
COULD BE COVERED, WITH FIVE CONSIDERED OPTIMUM. ONE PER-
CENT OF COST PER ADDITIONAL STUDY TO BE DEDUCTED FROM
AGGREGATED FEES, E.G., IF STUDIES IN FIRST FIVE LISTED
ARE COMMISSIONED, TOTAL COST REDUCED BY FOUR PERCENT,
MAKING AVERAGE COST PER STUDY 3,380. RELEVANT ASSIGN-
MENTS COVER WIDE RANGE OF PRODUCTS IN WHICH US PRODUCERS
ACTIVE AND AT FOREFRONT. INTERESTING NOTE INVOLVEMENT

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IN RETAIL-PRICE LABELPNG SYSTEMS, CARBONLESS IMPACT
REPROGRAPHY, AND OTHER IVORTANT DETAILS VIRTUALLY
IGNORED BY OTHER BIDDERS. ALSO CTERESTING (AND TYPICAL
OF INTERPLAN) IS REFERENCE TO LOTZRIES AND OTHER GAM-
BLING INTERESTS (FOOTBALL POOLS, ETML AS MARKET ELE-
MENT, WHICH NO-ONE ELSE THOUGHT TMMENTION.

3. RECOMMENDATIONS: LOW BIDDERS ARE KNIGH WEGENSTEIN
LTD. AND PLANNING RESEARCH SYSTEMS LTD. BTH ARE
INTERESTED IN MULTI-COUNTRY CONTRACTS BUT
ONLY VS OFFERS DISCOUNT PACKAGE. LATTER FIRM ALSO HAS
MORE EVIDEM BACKGROUND IN RESEARCH SUBJECT. PROPOSED
PERSONAL INTERVIEW PROGRAMS BASICALLY SAME. ACCORDINGLY
RECOMMEND PRS FG UK STUDY, PARTICULARLY IN VIEW RECENT
TRACK RECORD.

4. WISH CALL ATTENTION STRONG INTEREST PRS AND INTERPLAN
RIN CZECH STUDY, SINCE BOTH FIRMS SEEM LINGUISTICALLY
QUALIKED. ALSO STRUCK BY PRS INTEREST FOR JAPAN STUDY.
IN LATZR CASE, BELIEVE ASSURANCE OF EMBASSY DATA FACIL-
ITIES WHICH WE PRESUME ARE EXTENSIVE) MIGHT LEAD TO
SOME DOWARD NEGOTIATION OF PRICE.
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